

**LODI CITY COUNCIL  
SPECIAL CITY COUNCIL MEETING  
CARNEGIE FORUM, 305 WEST PINE STREET  
TUESDAY, FEBRUARY 10, 2009**

A. Roll call

The Special City Council meeting of February 10, 2009, was called to order by Mayor Hansen at 7:35 a.m.

Present: Council Member Hitchcock, Council Member Johnson, Mayor Pro Tempore Katzakian, Council Member Mounce, and Mayor Hansen

Absent: None

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Johl

B. Regular Calendar

B-1 Fiscal Year 2008-09 Mid-Year Budget (CM)

City Manager King provided a brief introduction regarding the mid-year budget presentation.

Deputy City Manager Jordan Ayers provided a PowerPoint presentation regarding the Fiscal Year 2008-09 mid-year budget. Mr. Ayers specifically discussed the General Fund summary, projected fund balance, proposed adjustments, expenditure reductions, workforce reduction via early retirement, statement of changes in fund balances, electric fund summary, community development fund summary, public safety special revenue fund summary, and the library fund summary.

In response to Council Member Hitchcock, Mr. Ayers stated the key issue with respect to the deficit is expenditures in the area of personnel costs.

In response to Council Member Mounce, Mr. Ayers stated the reason for the disparity in the personnel costs is because a certain amount was budgeted for a cost of living increase for police and the increase was larger than the budgeted amount.

In response to Council Member Hitchcock, Mr. King stated that some of these contracts were multi-year contracts entered into in 2007 and they do not have language reflecting the General Fund tie in. Mr. King stated the increases were larger than the budgeted amount and the revenues declined dramatically resulting in the disparity.

Council Member Hitchcock requested information regarding the current and future increases for personnel and the effect of the same in the current year budget and future years.

In response to Council Member Mounce, Mr. King and Mr. Ayers confirmed that the credit card related allocation will be distributed to the water, wastewater, and electric utility funds.

In response to Council Member Mounce, Mr. Ayers confirmed employee concessions include executive management, management, and related staff.

In response to Council Member Mounce, Mr. Ayers stated American Medical Response (AMR) is one consideration and nothing has been decided. Council Member Johnson stated he brought up the subject in light of the possible \$180,000 in savings. A brief discussion ensued between Council, Mr. King, and Mr. Schwabauer regarding possible AMR dispatch for cost savings and the dispatch service delivery to the community. Council Member Mounce, Council Member Hitchcock,

and Mayor Hansen suggested AMR dispatch not be given further consideration in light of the fact that any decision would be permanent based on the County's position as set forth in the settlement agreement.

In response to Council Member Hitchcock, Mr. King stated the goal is to maintain the budgeted position as indicated on June, 30 2008, for the ending fund balance.

In response to Council Member Hitchcock, Mr. Ayers stated a 1% per person cost savings across the board would be approximately \$460,000 per year.

In response to Council Member Hitchcock, Mr. King stated it is also a goal to ensure that Police and Fire, which make up approximately 60% of the General Fund budget, hold that number and do not go higher. A brief discussion ensued between Council Member Hitchcock and Mr. King regarding the policy to pay competitively and at market value versus paying toward the lower end of the ranges, and reducing the overall workforce.

In response to Council Member Mounce, Mr. Ayers stated a one day per month furlough will be a consideration. Mr. King stated the target date is March 1 and staff will be bringing the matter for Council decision at the next regularly scheduled meeting.

In response to Council Member Johnson, Mr. Ayers stated staff has met with all the bargaining units.

In response to Mayor Hansen, Mr. King and Mr. Ayers explained that the vacancies through early retirement and related CalPers rules could be interpreted to read a vacancy is indefinite and/or for a minimum of two years.

In response to Council Member Hitchcock, Mr. King stated it will be important to reduce the workforce over this year and the next year and the early retirement program is one way to achieve it based on position as other communities are doing the same; although, it will be important to balance this with service delivery to the community.

In response to Mayor Hansen, Mr. King stated CalPers is not opposed to reorganizations and the two-year time period has become a standard of sorts because that is when the payments start for the City.

In response to Mayor Hansen, Mr. King stated hypothetically if 15 employees were to retire, the cost to the City beginning in 2 years and continuing over 20 years would be \$69,000 annually. Mr. King stated staff is currently in the process of identifying who this program may be made available to and it would be offered in a time period that is consistent with the mid-year budget amendments.

In response to Council Member Hitchcock, Mr. King stated the program does allow for a short-term savings for long-term costs by way of early retirement in lieu of layoffs.

In response to Council Member Mounce, Mr. Ayers stated he is familiar with zero based budgeting and it is a great tool to force the City to look at what it really needs, although it would be a huge cultural change.

In response to Mayor Hansen, Mr. Ayers stated he is also aware of the criticism of zero based budgeting.

In response to Council Member Johnson, Mr. Ayers stated the projections included anticipated downturns in revenue and there is some cushion built into the projects.

In response to Council Member Hitchcock, Mr. King confirmed the City does use some form of modified zero based budgeting because it looks at the need for programs, people, and equipment.

In response to Mayor Pro Tempore Katzakian, Mr. King stated the third quarter numbers will be provided approximately a month after third quarter closes.

In response to Council Member Mounce, Mr. King stated the amount of the in lieu transfer from the Electric Utility is a matter of policy for the City Council. Mr. King confirmed the current in lieu transfer amount is approximately \$500,000 at ten percent.

In response to Council Member Johnson, Electric Utility Director George Morrow confirmed that the California average is approximately five to ten percent and the City is running approximately ten percent. Mr. Morrow stated this amount is relevant to the financial rating agencies as well.

Fire Division Chief Aimee Murray stated that the dispatch transfer is set to go live in ten days and the resources have been expended accordingly. Mayor Hansen stated general direction has been given to staff to not consider the AMR dispatch further for mid-year budget adjustments.

In response to Mayor Hansen, Mr. King confirmed that mid-year budget recommendations will be provided at the next regularly scheduled meeting of February 18 to go into effect on March 1.

C. Adjournment

There being no further business to come before the City Council, the meeting was adjourned at 8:31 a.m.

ATTEST:

Randi Johl  
City Clerk